

Debt and Borrowing in 1954

NET public and private debt totaled \$606 billion at the end of last year, up \$21 billion or 3½ percent from 1953. Gross debt, measured without consolidation of borrowers' accounts rose \$25 billion to \$706 billion. These increases were less than in any year since 1949, as total new borrowing continued to taper off.

Last year's debt expansion centered chiefly in long-term private borrowing and in State and local government bond flotations. The largest rise was in nonfarm mortgage debt, the net total of which advanced \$11 billion, or 13 percent, during the year as a near-record number of new owner-type dwellings was completed. With business plant and equipment outlays continuing high, net long-term corporate debt was up \$5 billion from the end of 1953. Net new borrowing by State and local governments, which consists primarily of bond flotations to finance construction, likewise amounted to nearly \$5 billion. Farm mortgage debt continued its gradual rise.

Expansion of total private short- and intermediate-term debt, which has accounted for a substantial part of all net new borrowing since Korea, did not continue in 1954. Consumer and nonmortgage farm credit rose only slightly, while total short-term corporate liabilities declined more than \$6 billion. The only notable exception to the general pattern of stability or net liquidation was the rise in security loans, which was sharp in percentage terms but not sufficiently large dollarwise to have much effect on the aggregates.

Net new borrowing by the Federal Government, which had increased in 1952-53, receded last year to a total of about \$2 billion. Gross Federal debt including intra-Governmental credits rose \$5 billion to reach an aggregate of \$294½ billion at the end of the year. This figure includes obligations not subject to the statutory debt limit.

Of the net public and private debt of \$606 billion, private debt constituted more than 56 percent—about the same fraction as at the beginning of last year. Net Federal debt accounted for 38 percent, and nearly 6 percent consisted of State and local government obligations.

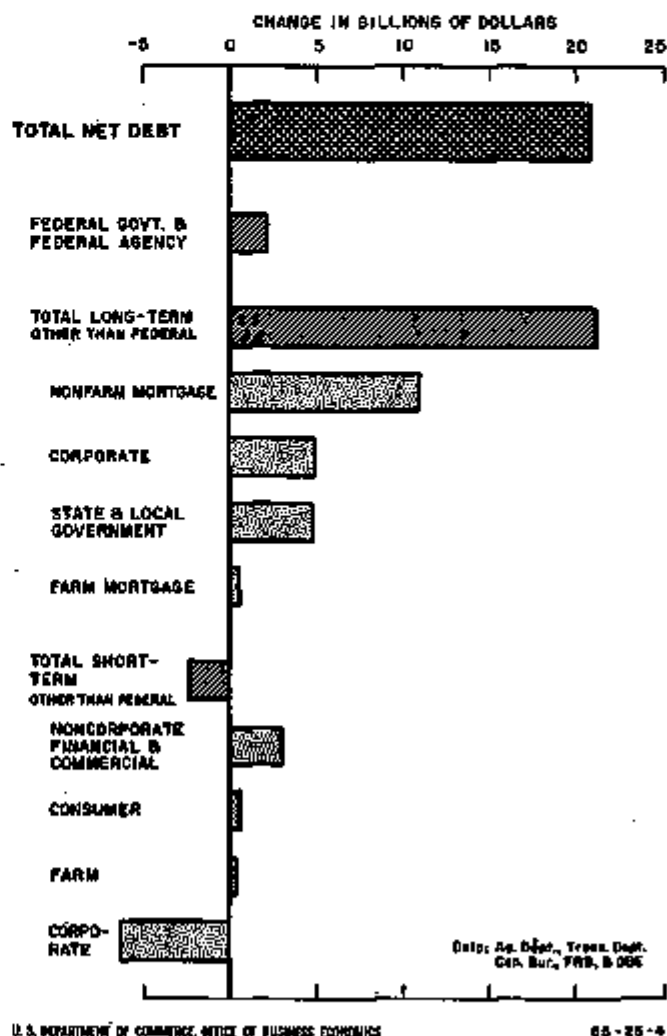
New borrowing levels off

The overall annual rate of net new borrowing in the United States, after having risen in the earlier postwar period, has declined consistently in every year since 1950. This broad pattern of rise and retardation in postwar debt growth has reflected (1) marked advances in short- and medium-term private borrowing in 1947 and again in 1950, followed in each case by progressively smaller debt increases in subsequent years, (2) a comparatively steady absorption of long-term credit year after year by non-Federal borrowers, and (3) contraction of net Federal debt through the immediate postwar years, followed by a period of moderate expansion associated with the post-Korean defense buildup. The 1946-54 record is summarized in the accompanying chart.

NOTE.—MR. OSBORNE AND MR. GORMAN ARE MEMBERS OF THE NATIONAL INCOME DIVISION, OFFICE OF BUSINESS ECONOMICS.

(1) "Short-term" private debt as measured here includes all farm production credit, noncorporate commercial, financial, and consumer credit, and short-term corporate borrowing. Corporate and consumer obligations accounted, respectively, for 60 percent and 20 percent of the sum of all these types of debt outstanding at the end of 1954; and the 1947 and 1950 spurts in the growth of the total largely

Changes in Public and Private Debt
During 1954



reflected the influence of expansion in corporate working capital needs and in consumer buying of durable goods. The downturn in new borrowing after each of these peaks was relatively sharper for corporations than for consumers. A number of special factors, such as the 1953 rise in farm

price support lending and the 1954 expansion of security loans, have also affected the course of total new short-term borrowing as shown in the chart.

(2) The total of net new "long-term" non-Federal borrowing is measured here by the sum of noncorporate mortgage, corporate long-term, and State and local debt expansion. Growth in the annual rate of such borrowing has been smoothed by a tendency for fluctuations in the various components to offset one another. These fluctuations have been minor compared to those in short-term credit, however. State and local borrowing, while generally the smallest of the three types in dollar volume, has increased rapidly and rather consistently except for a period of comparative stability in 1950-52. The rate of corporate borrowing reached a peak in 1952, and has since tapered off a little. This decline has been counterbalanced, however, by an acceleration in the growth of mortgage debt.

(3) The total net debt of the Federal Government was reduced \$36 billion, or 14½ percent, between the end of 1945 and the end of 1948, and showed little further change during the three following years. A rise of \$11½ billion during 1952-54 was associated primarily with the defense buildup. It should be noted that the gross Federal debt, which includes the sums borrowed by Federal agencies from one another, has expanded more than the net debt since 1948. Gross debt advanced \$12 billion during 1949-51 and \$25 billion in 1952-54.

Money market ease

The easier credit conditions initiated in mid-1953 were maintained throughout 1954, with a continued heavy flow of savings into financial institutions and bank reserves ample. The general trend of bond yields was downward in the early part of the year and stable thereafter at levels well below 1953, and there was some liberalization of terms for mortgage lending.

The flow of new funds to major types of savings institutions last year was in excess of \$12 billion—the highest on record—and time deposits of individuals and businesses in commercial banks rose \$3 billion.

The 1954 average of member bank borrowings from the Reserve Banks was less than one-fifth of the 1953 average, while excess reserves were up. The Federal Reserve System's instruments of general credit policy were used during the year to support and stabilize the member banks' reserve position. Reserve requirements and rediscount rates were lowered, and the Open Market Account was active.

Federal debt expansion tapers off

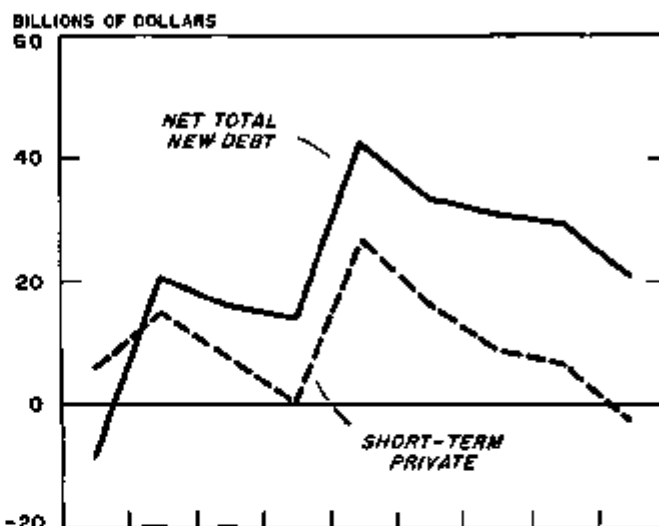
The expansion in Federal debt in the calendar year 1954 was the smallest since 1951, and less than half that recorded in 1953. At \$230 billion, the consolidated net total was up \$2 billion, or less than 1 percent, last year.

Gross debt—total direct obligations of the Treasury and other Federal agencies considered individually—amounted to \$294½ billion at the end of the calendar year. This was \$5 billion higher than at the end of 1953. The increase consisted, in round numbers, of \$3½ billion borrowed by the Treasury and \$1½ billion borrowed by other Federal agencies from the Treasury, the latter amount being offset to a slight extent by a fractional decline in these other agencies' debt to the public. Of the \$3½ billion of new Treasury borrowing, over one-third was obtained from social security and other Federal trust and investment funds. The remainder (less the small decline in publicly held debt of the other agencies) represented the increase in net Federal debt.

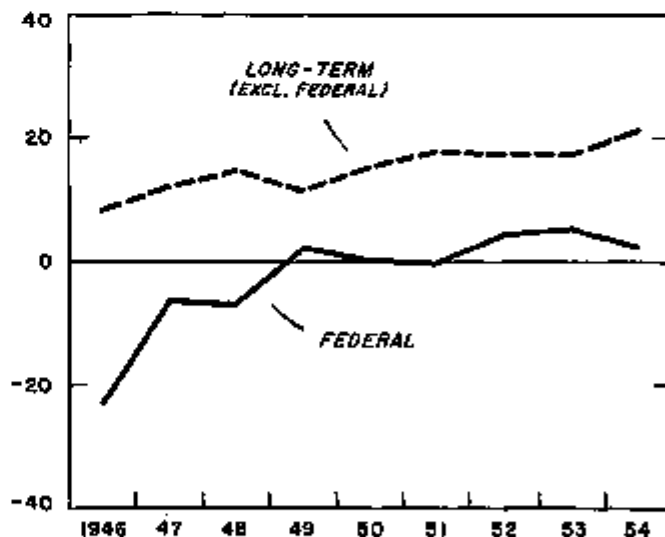
The \$1½ billion borrowed by Federal agencies from the Treasury in 1954 consisted primarily of loans obtained by the Commodity Credit Corporation. Crop inventories held by the Corporation rose \$1½ billion during the year, while the total of its loans receivable showed little change on a year-end basis (see section on farm credit.)

Annual Additions to Net Debt

Total, and Short-term Private



Federal, and Long-term except Federal



U. S. DEPARTMENT OF COMMERCE, OFFICE OF BUSINESS ECONOMICS

55-25-5

The decline in the total of new Treasury borrowing to \$3½ billion from a comparable 1953 figure of nearly \$8 billion reflected chiefly the improvement in the budgetary position. With an \$8 billion cut in expenditures only partially offset by a dip of \$2½ billion in tax receipts, the Budget deficit was reduced \$5½ billion from calendar 1953. Treasury new-money borrowing declined by a somewhat smaller amount, the 1953 deficit having been financed in part by drawing on the Treasury cash balance. The magnitudes involved in these changes are summarized in the

accompanying text table, which also shows the extent to which Treasury needs were met from intra-Governmental and from outside sources.

	Calendar year	
	1953	1954
(Billions of dollars)		
Budgetary deficit.....	0.2	3.7
Plus: Increase (+) or decrease (-) in cash balance..	-1.5	.6
Clearing account, etc.....	.1	-.7
Equals: Net borrowing.....	7.8	3.6
Intra-Government.....	2.4	1.3
From other sources.....	5.4	2.3

A noteworthy feature of the year's financing operations was the decline in the dollar total of Federal securities purchased by Federally administered trust and investment funds. This decline reflected the slower growth of social security trust funds as unemployment compensation payments rose.

Shifts last year from the 1953 pattern of outside fund sources left commercial banks and State and local governments as the principal suppliers of new money. Commercial banks invested \$5½ billion in Federal securities in 1954—the largest such investment made by these institutions since the end of World War II. The improved reserve position of the commercial banking system last year by comparison with 1953, and the decline of short-term private borrowing, have already been noted. The postwar expansion in State and local government holdings of Federal obligations continued with a \$1½ billion net increase.

Nonfinancial corporations, personal investors, and the Federal Reserve System, groups which had played important parts in financing the 1953 debt expansion, reduced their portfolios in 1954. As in other recent years, mutual savings bank and insurance company holdings declined.

While the net expansion of Federal debt last year was small, it was necessary to refinance close to \$76 billion of outstanding marketable public debt which matured during the year. Although the new issues were largely short- or intermediate-term securities carrying low rates, in line with the Government's policy of active ease in the money markets, the maturity structure of the marketable debt was somewhat lengthened by these operations.

State and local government borrowing higher

Net debt of State and local governments, which had increased 11 percent in each of the two preceding fiscal years, rose 17 percent—\$5 billion—in the year ended June 30, 1954. (Comprehensive statistics of State and local government debt, unlike other statistics presented in this report, are not prepared on a calendar year-end basis.) Last year's record rise featured a very sharp expansion of new borrowing for highway construction. The volume of new issues for school and other construction purposes also moved up substantially.

These developments represent an extension of trends which have prevailed throughout the postwar period and continued into the fiscal year 1955. Construction postponed from previous years, and the filling of new needs created by the rapid postwar rise in street and highway traffic and in the school-age population and by the development of new neighborhoods have occasioned a very large share of all borrowing by State and local governments in each year since 1945.

It appears, moreover, that a substantial need for construction still remains to be met. A recent study for the President's Advisory Committee on a National Highway Program placed the cost of achieving an adequate system of streets and highways by 1965 at more than \$100 billion, while the current rate of capital outlay for this purpose

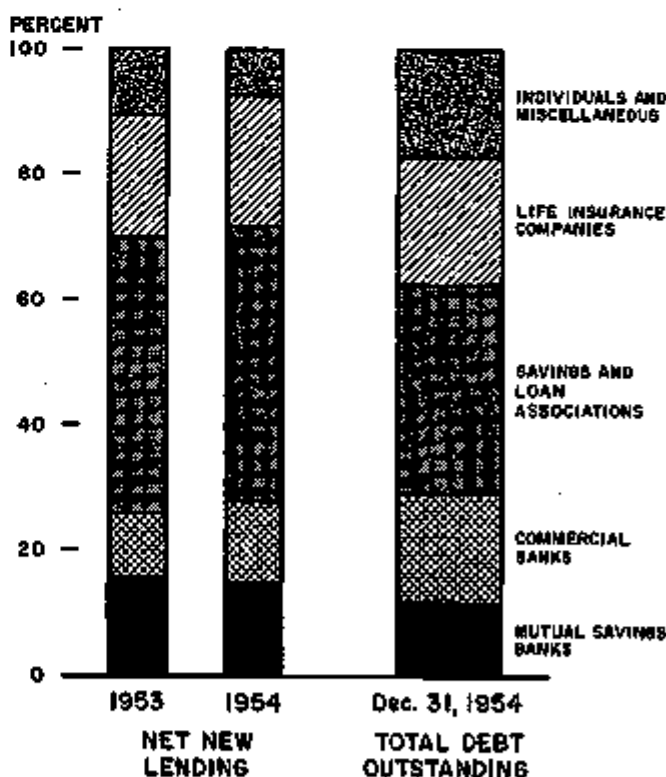
(including Federal aid) is under \$4 billion annually and total public highway debt now outstanding is in the neighborhood of \$10 billion. A serious shortage of school facilities has also persisted despite the steady rise of annual construction outlays from \$1 billion in 1950 to \$2 billion last year. In February 1955 President Eisenhower proposed Federal measures designed to improve State and local financing facilities and otherwise promote construction in these fields.

Borrowing for highway construction is most clearly reflected in the growth of State government debt, which advanced 30 percent, from \$6½ billion at the beginning of the fiscal year to nearly \$8½ billion at the end. This relative increase was much sharper than those recorded in any of the three preceding years, and in dollar terms last year's rise considerably exceeded the total expansion of 1952 and 1953 combined.

The combined total net debt of all local government units at the end of June 1954 is estimated at \$25 billion, up \$3 billion, or 13 percent, from the previous fiscal year-end. Annual increases of around 10 percent had been recorded in 1951-53. About one-half the total outstanding represents obligations of cities and townships, while most of the remainder is owed by school and special districts.

Net New Lending and Outstanding Debt on One- to Four-Family Home Mortgages

Percent Distribution by Source of Funds



U. S. DEPARTMENT OF COMMERCE, OFFICE OF BUSINESS ECONOMICS

Date: MARCH 8, 1955
50-22-7

The most important single source of loan funds for State and local governments in recent years has been the commercial banking system, which held more than one-third of all State and local debt obligations at the end of fiscal 1953 and absorbed a similar proportion of last year's increase.

Corporate debt levels off

At \$177 billion, total net debt of corporations was down slightly last year, a \$5 billion rise in long-term obligations being more than offset by a reduction of \$6 billion in short-term liabilities. The increase of the long-term component in recent years has been associated with a rapid expansion of corporate fixed assets, which continued in 1954 at a rate only moderately below that of 1953. The drop in short-term debt reflected chiefly last year's lower tax liability and the reduced need for financing associated with the decline in inventories.

The 1954 rise in long-term indebtedness was smaller than that recorded in 1953. This slackening in debt growth accompanied a \$1½ billion reduction in corporate expenditures for new plant and equipment, concentrated chiefly in manufacturing and railroads. New stock issues and the provision of funds from internal sources continued at about the 1953 rate, however. Out of a total of \$26½ billion in long-term funds invested by nonfinancial corporations last year, retained earnings and depreciation allowances together accounted for roughly three-fourths, borrowing for one-sixth, and new stock issues for the remainder.

Last year's reduction in short-term corporate debt was the first since 1949. It affected notes and accounts payable as well as the "other short-term" category distinguished in table 5. Two-thirds of the overall drop of \$6 billion occurred in the latter category, which includes Federal income tax liability accrued and unpaid by year-end. Such liability was considerably lower in 1954 than in 1953, reflecting termination of the excess profits tax and the receding of taxable corporate profits from their 1953 peak.

The decline recorded in notes and accounts payable stemmed chiefly from last year's inventory liquidation and the resultant decrease in working capital requirements.

Some refinancing of bank loans into longer-term debt instruments was also involved, as suggested above.

The balance sheet position of corporate business in the aggregate seems to have improved during 1954. A larger proportion of new investment than in previous years was financed with equity capital. The ratio of cash and Federal securities held to current liabilities rose fractionally, as did the ratio of total current assets to current liabilities.

Mortgage debt continues rise

Total nonfarm noncorporate mortgage debt outstanding approached \$95 billion at the end of 1954, up \$11 billion or one-eighth from the beginning of last year. The comparable expansion during 1953 had amounted to \$8½ billion or one-ninth.

Noncorporate mortgage debt on multifamily residential and commercial property rose \$2 billion during 1954 to \$22½ billion at year-end. This expansion was considerably sharper than in 1953.

The increase in home mortgage lending was associated with the general easing of credit conditions, noted above, and with the marked advance in construction activity which is described elsewhere in this issue of the Survey. It featured a considerable expansion in loans guaranteed by the Veterans' Administration, and some increase in the relative importance of life insurance companies and commercial banks as suppliers of new funds.

Ready availability of home mortgage credit in 1954 reflected not only the easy state of the capital markets in general but also the increased attractiveness of home mortgage lending as yields on most other types of investments fell off during the year. With the concurrent rise of new 1- to 4-family residential construction activity to around \$12 billion for the year, and an active market in existing houses,

Tables 1 and 2.—Public and Private Debt (Net and Gross), End of Calendar Year, 1945-54¹

(Billions of dollars)

End of year	Public and private, total	Public			Private								
		Total	Federal ²	State and local	Total	Corporate			Individual and noncorporate				
						Total	Long-term	Short-term	Total	Mortgage		Nonmortgage	
										Farm	Nonfarm ³	Farm ⁴	Nonfarm ⁴
Table L.—Net Public and Private Debt ¹													
1945	406.3	205.4	232.7	12.7	139.9	85.3	28.3	47.0	44.0	4.8	27.0	2.6	30.4
1946	397.4	243.3	229.7	13.6	154.1	83.5	41.3	42.2	60.5	4.9	32.4	2.8	30.5
1947	417.9	257.7	223.9	14.4	169.2	108.9	56.1	52.8	71.3	5.1	35.7	3.6	34.0
1948	494.0	232.7	214.8	10.2	201.3	117.5	52.6	64.9	83.5	5.3	45.1	5.5	27.6
1949	468.1	236.7	213.4	18.1	211.4	135.0	60.6	74.4	93.4	5.0	50.8	6.4	30.8
1950	490.7	234.4	213.7	20.7	251.3	142.1	68.1	74.0	109.2	5.1	59.3	6.1	37.6
1951	524.0	241.9	213.6	27.3	293.6	162.5	68.6	93.9	120.3	5.6	67.4	7.0	39.4
1952	553.4	248.7	233.9	20.8	306.7	171.0	73.3	97.7	135.7	7.2	75.1	8.0	45.6
1953	584.7	254.7	233.1	21.6	328.9	177.9	78.3	99.6	150.1	7.7	83.6	9.1	49.7
1954	605.5	263.8	236.3	27.4	341.9	175.8	83.7	92.1	165.3	8.2	91.6	9.4	53.2

Table 1.—Net Public and Private Debt¹

Table 2.—Gross Public and Private Debt														
Year	Total	Public	Private	Government	State and local	Corporate	Bank	Insurance	Other	Government	State and local	Corporate	Bank	Insurance
1945	453.3	202.2	251.1	18.5	183.7	89.5	45.3	54.2	64.6	4.8	27.0	2.5	20.4	20.4
1946	457.9	228.0	229.9	19.9	209.9	109.3	48.4	60.9	68.0	4.9	32.4	2.5	20.5	20.5
1947	480.1	220.0	260.1	18.8	241.3	122.2	55.0	73.2	71.3	5.1	33.7	2.6	24.0	24.0
1948	499.0	270.7	228.3	18.7	209.6	131.2	62.8	70.0	82.6	5.3	45.1	5.5	27.6	27.6
1949	530.0	257.8	272.2	20.9	251.3	139.8	67.7	71.3	82.4	5.6	50.6	6.4	30.8	30.8
1950	540.5	280.6	259.9	24.2	235.7	147.0	72.2	94.9	109.2	6.1	59.3	6.1	37.6	37.6
1951	608.1	287.2	320.9	27.0	293.9	160.6	70.0	110.8	120.3	6.8	67.4	7.0	39.4	39.4
1952	616.2	283.9	332.3	29.6	302.7	171.0	88.0	113.5	135.7	7.2	75.1	8.0	45.6	45.6
1953	651.7	322.0	329.7	32.7	297.0	189.0	94.5	116.1	150.1	7.7	83.6	9.1	49.7	49.7
1954	703.4	332.3	371.1	37.0	334.1	206.6	102.8	108.2	165.3	8.2	94.6	9.4	53.2	53.2

Table 2.—Gross Public and Private Debt

1. Data for State and local governments are for June 30 of each year.
2. Includes categories of debt not subject to the statutory debt limit.
3. Data are for noncorporate borrowers only. (See table 6.)
4. Comprises non-real-estate farm debt contracted for productive purposes and owed to institutional lenders (includes CDO loans).
5. Comprises debt incurred for commercial (nonfarm), financial and consumer purposes, including debt owed by farmers for financial and consumer purposes.

6. The concepts used in this report are described in the October 1950 SURVEY. Prior-year data for tables 1-7 appear in the September 1953 SURVEY.

Sources: U. S. Department of Agriculture, Agricultural Research Service; U. S. Department of Commerce, Bureau of the Census and Office of Business Economics.

Table 3.—Gross and Net Federal Government Debt, End of Calendar Years, 1945-54

(Millions of dollars)

End of year	Gross debt							Duplicating debt					Net debt		
	Federal Government and Federal agency, total ¹	Federal Government					Federal agency ²	Federal Government and Federal agency, total	Federal Government securities held by Federal agencies and trust funds	Federal agency securities ³			Federal Government and Federal agency, total	Federal Government	Federal agency
		Total	Interest bearing			Non-interest bearing ¹				Total	Held by U. S. Treasury	Held by other Federal agencies			
			Total	Public issues	Special issues										
1945.....	292,599	275,114	275,093	255,063	20,000	2,421	14,486	38,857	27,041	12,818	11,775	1,041	292,749	251,073	1,589
1946.....	272,147	259,149	257,649	233,004	24,645	1,000	12,906	42,306	30,913	17,485	10,664	709	290,740	238,238	1,512
1947.....	269,733	258,900	254,204	226,260	28,965	2,993	12,833	46,436	34,382	12,083	11,840	243	283,218	232,548	770
1948.....	257,094	252,800	248,130	218,800	31,714	2,220	4,194	41,510	37,317	4,193	2,953	240	261,484	215,483	1,001
1949.....	200,007	257,130	255,019	221,123	33,896	2,111	8,937	47,483	30,340	8,137	7,304	833	216,584	217,784	800
1950.....	206,415	254,708	254,293	220,570	33,707	2,425	8,797	47,712	30,197	8,616	8,470	48	218,702	217,511	1,191
1951.....	270,188	259,419	257,070	221,128	35,902	2,349	10,769	51,629	42,281	8,368	0,282	68	218,549	217,138	1,411
1952.....	270,317	257,391	255,293	220,143	36,150	2,008	11,920	60,436	43,893	16,543	10,405	47	222,581	221,496	1,283
1953.....	280,307	275,168	272,981	231,084	45,107	2,387	14,129	61,165	48,812	12,682	12,869	26	228,112	226,834	1,277
1954.....	204,385	275,790	275,731	233,185	42,500	3,019	15,836	04,144	48,008	14,535	14,508	27	230,242	229,141	1,101

1. Includes categories of debt not subject to the statutory debt limit.

2. Includes matured debt on which interest has ceased.

3. Bonds, debentures, and notes payable, including securities held by U. S. Treasury.

4. Bonds, debentures, and notes payable.

5. Federal agency securities held in Federal Trust funds were less than \$500,000 in all years shown.

Source: U. S. Treasury Department.

net new borrowing by home-buyers totaled almost \$9 billion, 23 percent higher than in 1953.¹

Loans guaranteed by the Veterans Administration accounted for one-third of last year's net new lending on 1- to 4-family units, as against one-fifth the year before, while conventional-type mortgages represented a little over three-fifths of the total in 1953 and a somewhat smaller fraction in 1954. Loans insured by the Federal Housing Administration declined in relative importance to less than 10 percent last year.

The expansion of lending in 1954 under Veterans Administration guarantee and the accompanying liberalization of mortgage terms are described on pages 18-19 of this issue. The easing of credit is shown by VA data below:

	Percentage of total number of VA-guaranteed loans made in period	
	No down-payment	Term over 25 years
1953 average.....	8	5
1954: January.....	13	11
July.....	27	22
December.....	37	37
12-month average.....	28	25

The volume of new loans insured by the Federal Housing Administration, after having declined rather consistently on a quarterly basis since the end of 1952, turned upward in the final quarter of last year after the passage in August of the Housing Act of 1954. The new law permits more liberal terms on insured mortgages made thereafter, lowering the minimum required ratios of down payment to purchase prices and raising the permissible maximum maturity to 30 years.

All lender groups increased their holdings of mortgage debt on 1- to 4-family housing properties in 1954 (table 6). As in other recent years, savings and loan associations provided the largest share of the new funds. (See chart on p. 8.) Life insurance companies and commercial banks invested relatively more than in 1952 or 1953, while mutual savings banks accounted for a slightly smaller percentage of the overall rise last year than the year before. The limited information so far available points to a decline from 1953 in the relative position of individuals and others in this field.

Consumer credit outstanding at the end of 1954 totaled \$30 billion, up only 2 percent, or \$½ billion, from the beginning of the year. The rapid growth of such credit after the

suspension of Regulation W in May 1952, which had been reflected in a \$4½ billion increase in 1952 and a further rise of \$3½ billion in 1953, thus was sharply checked last year.

This decline in net new borrowing centered in the installment credit component, which rose only \$0.3 billion as against \$3½ billion the year before. Other types of credit also expanded by \$0.3 billion last year, having risen \$0.2 billion in total in 1953.

As shown in the accompanying summary of Federal Reserve Board estimates, the 1954 check in the growth of installment credit stemmed from a continuing increase in repayments coupled with a \$1 billion drop in new loans made. This drop was concentrated in extensions of auto credit, which, like the much smaller total of credit extensions for home repair and modernization, returned last year to about the 1952 level of gross new lending. Extensions of credit for the purchase of consumer goods other than autos also declined. The total of personal loans made, however, increased last year by about the same amount as in 1953.

	Installment lending		
	1952	1953	1954
[Billions of dollars]			
Net expansion of credit.....	3.8	3.5	0.3
New extensions.....	28.4	30.3	20.3
Auto loans.....	12.3	13.0	12.5
Other consumer goods paper.....	8.0	8.0	7.7
Repair and modernization loans.....	1.2	1.4	1.2
Personal loans.....	6.0	7.3	7.8
Repayments.....	24.6	26.8	29.0

Aggregate personal consumption expenditures for automobiles and parts in 1954 were down about 5 percent from the previous year. With the early introduction of the 1955 models, however, sales moved upward in the fourth quarter to about the 1953 average rate. Reflecting this improvement in sales, automobile credit extensions rose at year-end and have continued to expand in early 1955.

Commercial bank holdings of consumer debt declined somewhat last year. Net new lending underwritten by sales finance companies and credit unions, at \$½ billion, and by retailers and others offset this contraction and financed the small increase in the total of consumer debt.

Farm debt increased nearly \$1 billion during 1954 to a year-end total of close to \$18 billion. The rise was about half that recorded for the previous year, when price support lending had expanded sharply.

Net new lending on farm mortgages, at \$½ billion, was about the same as in 1953. Although the number of farms

1. See table 7. A relatively small amount of corporate borrowing, included in table 6 and in the total analyzed by type of loan and lender group below, is excluded from these figures.

sold was off in 1954, the national average of prices paid was up slightly, and major lending institutions increased the average ratio of mortgage to purchase price. There was substantial geographic variation in farm credit conditions, the course of land prices, and the extent of new mortgage lending last year. As in other recent years, life insurance companies were the chief single source of farm mortgage credit, although net lending by commercial banks showed a substantial advance over 1953.

Short-term farm production credit outstanding at the end of 1954 was up \$0.3 billion from the beginning of the year. In 1953 such debt had expanded about \$1 billion. The out-

standing total of price support loans made or guaranteed by the Commodity Credit Corporation dropped fractionally in 1954 after having risen more than \$1½ billion the year before.

As prices of most of the commodities included in the Commodity Credit Corporation program remained at or below support levels, the bulk of the CCC loans made in 1953 were carried into 1954 and allowed to lapse at maturity, the pledged crops being taken into the inventory of the Corporation. The associated drop in price support credit outstanding was limited and eventually about canceled by the expansion of lending secured by the 1954 crops. The accompanying text table, which is based on the CCC reports of financial

Table 4.—Gross and Net State and Local Government Debt, June 30, 1945-54

(Millions of dollars)

End of fiscal year	Gross debt			Duplicating debt ²			Net debt		
	Total ¹	State	Local	Total	State	Local	Total	State	Local
1945	16,589	2,425	14,164	2,594	1,046	1,548	13,995	1,379	12,616
1946	15,522	2,358	13,164	2,349	764	1,585	13,173	1,004	12,169
1947	16,825	2,078	14,747	2,428	804	1,624	14,397	2,174	12,223
1948	18,702	3,722	14,980	2,478	851	1,627	16,224	2,871	13,353
1949	20,375	4,084	16,291	2,728	970	1,758	17,647	3,114	14,533
1950	24,104	5,361	18,743	2,468	1,398	2,070	21,636	3,963	17,673
1951	27,040	5,373	21,667	2,603	1,422	2,211	24,437	4,591	19,846
1952	29,624	7,040	22,584	2,802	1,405	2,397	26,822	5,635	21,187
1953	32,725	8,081	24,644	4,170	1,028	2,642	28,555	6,373	22,182
1954	37,904	10,284	27,620	4,523	1,083	2,670	33,381	8,251	25,130

1. Includes State loans to local units.

2. Comprises State and local government securities held by State and local governments.

3. Data for 1950 through 1954 are not strictly comparable with 1949 and earlier years. (See "Governmental Debt in 1951," Bureau of the Census, December 1951.)

Source: U. S. Department of Commerce, Bureau of the Census and Office of Business Economics.

Table 5.—Gross and Net Corporate Debt, End of Calendar Year, 1945-54

(Millions of dollars)

End of year	All corporations					Railway corporations					Nonrailway corporations				
	Total	Long-term ¹	Short-term ¹			Total	Long-term ¹	Short-term ¹			Total	Long-term ¹	Short-term ¹		
			Total	Notes and accounts payable	Other			Total	Notes and accounts payable	Other			Total	Notes and accounts payable	Other
Gross Corporate Debt															
1945	89,423	45,321	54,202	25,718	28,484	16,411	11,874	3,537	551	2,080	84,112	33,447	50,665	24,837	25,828
1946	109,282	48,435	60,847	31,607	29,180	13,714	10,877	2,837	739	2,038	95,578	37,459	58,119	30,808	27,310
1947	128,157	54,088	74,069	37,676	36,393	14,173	11,100	3,073	864	2,100	113,964	43,819	70,145	38,772	31,369
1948	138,789	62,308	76,481	38,248	38,233	13,085	11,124	2,571	572	1,099	124,804	51,694	73,110	38,376	34,734
1949	139,464	67,720	71,744	37,328	34,400	13,710	11,244	2,466	708	1,087	126,844	56,470	70,374	36,569	32,799
1950	167,036	72,153	94,883	48,006	46,787	14,380	11,764	2,616	815	2,101	152,756	60,880	91,876	47,181	44,695
1951	190,437	78,855	111,582	54,700	50,082	14,403	11,577	2,826	893	2,183	175,174	68,478	106,696	52,787	53,907
1952	201,469	89,810	111,659	55,065	54,488	14,587	11,408	3,179	900	2,183	182,672	79,518	103,154	58,140	52,305
1953	208,681	95,427	113,254	58,284	50,080	14,123	11,236	2,887	892	2,005	194,456	83,201	111,255	57,512	54,856
1954	208,754	100,400	108,354	50,003	52,252	13,582	11,145	2,437	781	1,000	195,182	80,304	114,878	55,222	50,676
Duplicating Corporate Debt															
1945	14,231	8,060	7,232	4,204	3,028	1,485	1,000	388	124	262	12,746	5,000	7,746	4,140	3,700
1946	15,754	7,002	8,752	5,285	3,466	1,507	1,172	335	111	229	14,547	5,025	9,522	5,141	3,177
1947	19,775	8,002	10,773	6,247	4,120	1,490	1,172	327	123	201	17,770	7,730	10,040	6,121	3,919
1948	21,018	10,322	10,696	6,518	4,178	1,496	1,200	296	121	179	19,822	9,117	10,705	6,207	4,498
1949	21,601	11,186	10,415	5,203	4,172	1,480	1,224	256	107	135	20,475	9,903	10,572	6,080	4,497
1950	24,478	12,007	12,471	7,001	4,080	1,537	1,200	337	127	184	23,421	10,741	12,680	7,804	4,876
1951	28,121	13,200	14,921	8,083	5,702	1,480	1,186	304	126	177	26,941	12,090	14,851	8,067	6,784
1952	30,529	14,682	15,847	9,810	5,028	1,482	1,184	298	126	172	28,047	13,408	14,639	8,083	6,556
1953	31,442	15,715	15,727	9,700	4,318	1,302	1,022	280	122	168	30,340	14,003	16,337	8,387	7,950
1954	32,186	16,785	15,401	9,314	4,087	1,282	1,031	251	100	152	30,904	15,704	15,200	8,205	7,999
Net Corporate Debt															
1945	85,292	38,222	46,970	21,514	25,456	15,926	10,774	3,151	737	2,394	71,266	37,347	43,919	20,697	23,122
1946	93,528	41,433	52,095	26,201	25,784	12,907	10,640	2,407	688	1,600	80,921	30,933	49,988	25,722	24,266
1947	109,282	48,088	61,194	31,407	31,787	12,074	10,927	2,577	778	1,690	94,208	36,689	57,519	30,661	26,858
1948	117,781	52,480	65,301	32,730	32,623	12,480	10,910	2,580	761	1,629	105,282	42,667	62,615	31,979	30,636
1949	117,000	56,534	60,466	31,385	30,281	12,234	10,620	2,204	603	1,612	106,766	46,814	59,952	30,478	29,478
1950	142,036	60,148	81,888	40,906	41,982	12,723	10,908	2,725	789	1,927	129,338	50,148	79,190	38,317	40,877
1951	162,616	66,389	96,227	45,407	40,320	12,074	10,101	2,783	777	2,000	149,543	58,308	91,235	44,130	47,105
1952	171,030	73,334	97,696	48,230	48,460	13,105	10,314	2,791	780	2,011	157,926	63,020	94,906	45,426	49,484
1953	177,230	78,812	98,418	48,085	48,242	12,821	10,244	2,607	780	1,847	166,418	64,898	101,520	47,822	53,698
1954	176,585	83,724	92,861	46,089	46,175	12,318	10,124	2,194	672	1,614	164,278	72,000	92,278	46,017	46,268

1. Long-term debt is defined as having an original maturity of 1 year or more from date of issue; short-term debt as having an original maturity of less than 1 year.

Source: U. S. Treasury Department, Internal Revenue Service; Interstate Commerce Commission; U. S. Department of Commerce, Office of Business Economics.

condition, reflects these seasonal swings and the net changes over the year as a whole.

CCC Loans and Inventories

(Billions of dollars)

	Loans	Inventories
Outstanding at end of 1953.....	2.0	2.7
Change in 1954: 1st half.....	-.7	1.0
2d half.....	.6	.5
Outstanding at end of 1954.....	2.9	4.3

The Government has taken several steps tending to limit its future liability under price support programs. New 1954 legislation permits the Secretary of Agriculture to set price supports for basic crops in the 1955 crop year and thereafter below 90 percent of parity, under certain supply and market conditions, and provides for a gradual broadening of the use of a modernized parity formula beginning in 1956. Most basic crops are subject to both acreage allotments and marketing quotas this year.

Conventional short-term farm credit rose \$0.4 billion last year, reversing a 1953 decline. One factor in the 1954 increase was a renewed buildup of cattle on feeder lots, as cattle prices firmed after a sharp drop in the previous year.

Sharp rise in financial debt

Financial debt rose 30 percent in 1954 to a total of \$10½ billion at the end of the year. This was the largest relative increase recorded for any category of private debt.

The advance was concentrated in the security loan component, which includes customers' debit balances with brokers and bank loans made for the purchase or carrying of securities. The total of these items increased \$1.1 billion in the first nine months of last year, and rose \$1.1 billion more in the final quarter.

This expansion was associated with a sustained rise in stock prices and a high level of trading activity on the securities exchanges. The SEC index of weekly closing prices of common stocks rose 43 percent during 1954, about one-third of this advance coming in the final quarter, while the total value of stock sales on registered exchanges expanded from less than \$5½ billion in the first quarter to \$7½ billion in the third and over \$9 billion in the last three months of the year. Margin requirements remained at 50 percent throughout the year, but were raised to 60 percent in January 1955 and to 70 percent in April.

Life insurance policy loans outstanding, the other major component of financial debt, rose fractionally in 1954 as in other recent years and reached a total of \$3 billion at year-end.

Commercial debt owed by noncorporate business, at \$12½ billion last year, was up 6 percent from 1953. This category of debt includes bank loans for commercial and industrial purposes, which declined fractionally, and auto, single-payment, and other consumption-type debt incurred by business proprietorships and partnerships, which rose.

Table 6.—Nonfarm Mortgage Debt by Borrowing and Lending Groups, by Type of Property, End of Calendar Year, 1945-54*

(Millions of dollars)

End of year	Residential and commercial			1-4 family residential								Multifamily residential and commercial						
	Total	Corporate borrowers ²	Noncorporate borrowers	Total	Savings and loan associations	Life insurance carriers	Mutual savings banks	Commercial banks	HOLO	FNMA	Individuals and others ³	Total	Savings and loan associations	Life insurance carriers	Mutual savings banks	Commercial banks	FNMA	Individuals and others
1945.....	20,776	3,821	20,856	13,543	5,155	2,256	1,854	2,878	832	7	5,504	12,223	229	3,502	2,290	1,375	.....	4,745
1946.....	20,823	4,419	22,442	23,069	8,840	2,570	2,023	4,575	934	5	6,396	12,803	361	3,790	2,292	1,967	.....	4,378
1947.....	43,853	5,121	22,732	28,104	8,475	3,450	2,223	6,303	494	4	7,151	16,692	381	4,321	2,545	2,820	.....	6,125
1948.....	50,910	5,845	46,065	33,204	9,841	4,025	2,895	7,385	349	129	7,697	17,692	464	4,918	2,538	2,827	3	6,700
1949.....	57,100	6,434	50,666	37,489	11,117	5,970	3,264	7,950	231	505	8,652	18,424	499	5,795	2,804	2,730	23	7,200
1950.....	64,711	7,374	59,337	48,072	13,304	6,382	4,312	9,481	30	1,328	8,445	21,639	518	6,363	3,900	3,214	18	7,800
1951.....	78,580	8,203	67,377	51,872	15,501	10,515	5,331	10,275	.....	1,818	8,853	25,713	719	6,973	4,555	3,483	32	8,000
1952.....	84,002	9,223	74,779	58,684	17,590	11,980	6,194	11,250	.....	2,219	9,444	25,218	740	7,694	5,128	3,559	34	8,200
1953.....	93,347	9,721	83,626	65,253	20,823	13,473	7,873	12,025	.....	2,365	10,111	27,054	959	7,952	5,047	3,743	182	8,800
1954.....	105,267	10,795	94,472	75,505	25,993	15,440	8,758	15,250	.....	2,223	10,534	29,652	1,149	8,541	6,204	4,185	195	9,000

* Preliminary.

¹ The data represent mortgage loans on commercial and residential property, excluding multifamily residential and commercial property mortgage debt owed by corporations to other nonfinancial corporations.

² The corporate mortgage debt total is included in the total corporate long-term debt outstanding, table 5.

³ Includes portfolio loans of the Veterans Administration.

Sources: Federal Savings and Loan Insurance Corporation; Board of Governors of the Federal Reserve System; U. S. Department of Commerce, Office of Business Economics.

Table 7.—Individual and Noncorporate Debt, End of Calendar Year, 1945-54

(Millions of dollars)

End of year	Farm and nonfarm total	Farm			Nonfarm							
		Total farm	Farm mortgage ¹	Farm production loans ²	Total non-farm	Nonfarm mortgage			Other			
						Total	1-4 family	Multi-family and commercial	Total	Commercial	Financial ³	Consumer
1946.....	61,822	7,250	4,760	2,490	47,572	24,055	17,615	6,338	20,417	4,432	10,328	5,655
1946.....	60,008	7,852	4,897	2,755	52,161	22,443	21,905	6,537	20,511	5,235	9,596	5,294
1947.....	71,329	8,430	5,084	3,646	62,899	25,732	20,753	11,978	22,907	7,514	4,913	11,570
1948.....	83,404	10,793	6,503	4,003	72,611	31,568	21,868	13,480	27,064	8,073	5,128	14,411
1949.....	93,445	12,028	6,570	4,469	81,417	38,586	35,021	14,903	30,381	7,787	6,970	17,104
1950.....	109,181	12,220	6,071	6,140	96,961	49,237	42,818	16,519	37,504	9,018	8,943	28,512
1951.....	120,339	13,565	5,586	6,977	106,774	67,383	49,378	18,104	38,299	11,272	8,842	21,488
1952.....	135,764	15,139	7,154	7,985	120,625	74,679	55,790	19,329	45,466	12,153	7,479	25,827
1953.....	148,070	16,778	7,853	8,123	131,292	83,626	62,690	20,975	49,608	12,065	8,043	29,527
1954.....	165,310	17,584	8,200	9,384	147,726	84,485	71,813	22,644	62,230	12,715	10,295	39,125

¹ Includes regular mortgages, purchase-money mortgages, and sales contracts.

² Includes agricultural loans to farmers and farmers' cooperatives by institutional lenders; farmers' (farmers') and consumer debt is included under the "nonfarm" categories.

³ Comprises debt owed to banks for purchasing or carrying securities, customers' debt to brokers, and debt owed to life insurance companies by policyholders.

Sources: U. S. Department of Agriculture, Agricultural Research Service; Board of Governors of the Federal Reserve System; U. S. Department of Commerce, Office of Business Economics.